

U.S. PATENT APPLICATION NO. 10/664,891  
Attorney Docket No. 1061/6

### REMARKS

This communication responds to the Office Action mailed January 2, 2009. Claims 1-54 were originally filed. Claims 55-60 have been previously added. Claims 1-7 and 55-60 have been amended to further clarify the claimed invention. Claims 8-27 and 35-54 have been previously cancelled without disclaimer of or prejudice to the subject matter contained therein. Claims 1-7, 28-34 and 55-60 remain pending.

#### **CLAIMS 1-7 AND 55-60 ARE PATENTABLE UNDER 35 U.S.C. § 101**

The Examiner rejected claims 1-7 and 55-60 under 35 U.S.C. § 101 as being unpatentable because the claimed invention is not directed to statutory subject matter. In support of her rejection, the Examiner cites *In re Bilski* [citation omitted]. The Applicant has amended claims 1-7 and 55-60 to specifically recite that the claimed methods are tied to a computer. Therefore, claims 1-7 and 55-60 satisfy 35 U.S.C. § 101 and the Applicant respectfully requests reconsideration and withdrawal of the rejection of these claims.

#### **CLAIMS 55-60 ARE PATENTABLE UNDER 35 U.S.C. § 112, ¶ 1**

The Examiner rejected claims 55-60 under 35 U.S.C. § 112, ¶ 1 as failing to comply with the enablement requirement. The Examiner contends that the claims contain subject matter which was not described in the specification in such a way as to enable one skilled in the art to make and/or use the invention. The Applicant respectfully disagrees with the Examiner's characterization of the claims.

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The Examiner posits an example that the Examiner contends demonstrates that claim 55 is not enabled. However, the Applicant suggests that the following is a more apt example as set forth in the specification in FIG 1. The computer interacts with the user to obtain a riskiness characteristic of the user's investment portfolio (i.e., a desired portfolio). The system then provides a predetermined portfolio having a certain riskiness characteristic. This risk reward characteristic is known based on the asset allocation of the investments.

The Examiner asks how can the riskiness characteristic be fixed without a specific purchase method or level of margin or leverage? Typically, the risk reward characteristic is calculated based on an assumption that all of the investments in the specified portfolio are obtained using investment cash. However, simply by stating that the risk reward characteristic is fixed will in turn fix the method of purchase. So, if the computer provides a predetermined portfolio with a predetermined allocation of assets and a predetermined risk reward characteristic, then the method of purchase is determined. Typically, this method would assume a purchase using all of the investor's cash. However, it could assume a certain percentage being purchased on margin.

The next step is to determine whether the user's specified risk reward characteristic is above or below the predetermined characteristic. And if above, then the computer calculates the amount to be purchased on margin to increase the predetermined risk reward characteristic to match the user's specifications. If the predetermined portfolio assumed no amount was purchased on margin, then the computer can calculate how much to be purchased on margin. If the predetermined portfolio assumed a certain percentage was to be purchased on margin, then the computer can calculate how much to increase the amount to be purchased on margin to match the user's specifications. Thus, in all cases, the claimed subject matter is described in detail in the specification.

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The Examiner also poses an example in which the user desired a portfolio of Chrysler and IBM. However, this is not the intent of the claim. Rather, the user specifies a desired risk reward characteristic for his investment portfolio without specifying what is in the investment portfolio. Claim 55 has been amended to clarify this point. Then, the computer provides a predetermined portfolio of investments, which has a predetermined risk reward characteristic – typically calculated assuming all of the investments are purchased without using margin. Then, the user's risk reward characteristic is compared with the predetermined characteristic and the amount of margin needed to increase the predetermined characteristic to the user's specification can then be determined. This method is set forth in the specification and figures. As such, the Applicant respectfully submits that the claimed subject matter is enabled by the specification. Reconsideration and withdrawal of the rejection of claims 55-60 is respectfully requested.

**CLAIMS 55-60 ARE PATENTABLE UNDER 35 U.S.C. § 112, ¶ 2**

The Examiner rejected claims 1-7,34 and 55-60 under 35 U.S.C. § 112, ¶ 2 as being indefinite for failing to particularly point out and distinctly claim the subject matter which Applicant regards as the invention. The Applicant respectfully disagrees with the Examiner's characterization of the claims.

The Examiner asks how does a portfolio go from zero assets to some allocation of assets upon purchase. The Applicant notes that an asset allocation (or allocation of assets) is merely the relative percentage of assets. So, with two assets in the portfolio, these assets could be allocated as 50-50 or 25-75 or some other percentage. So, a specified portfolio of assets or liabilities will also have a specified asset allocation, *i.e.*, how much percent of the total investment dollars are allocated

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to each investment. Therefore, if a predetermined portfolio of investments has a predetermined allocation of assets (all of which are assumed to be purchased using the investor's cash), then the predetermined portfolio will also have a predetermined risk reward characteristic. This characteristic can then be changed by purchasing some of the total assets on margin. The resulting portfolio actually purchased will now have a risk reward characteristic that is different than the predetermined risk reward characteristic due to the use of margin purchasing, but the asset allocation will remain unchanged from the predetermined asset allocation. For example, instead of using the investor's \$100 to purchase two assets in 50-50 allocation, the investor's \$100 was used along with \$10 borrowed from the brokerage, so a total of \$110 of the two assets in a 50-50 allocation was purchased, thereby changing the risk reward characteristic of the investment portfolio from what was predetermined based on an assumption that only the investor's cash would be used to purchase the investment. In all cases, the allocation of assets remains unchanged from before or after the purchase as the allocation of assets is merely a relative weight each asset has in the portfolio.

With regard to claims 7, 34 and 55 the Examiner points to the phrase predetermined portfolio and asks whether the assets are given away to the user. As described in the specification and shown in the figures, the predetermined portfolio of assets is a list of assets and their relative weights. See for example paragraph [0049]. The predetermined portfolio is provided to the user in the form of a list of assets and relative weights. The Examiner is correct in that the specification describes a description of the predetermined portfolio; hence the claims have been amended to clarify this distinction.

Next, the Examiner requests clarification of the phrase "along with an amount of the predetermined portfolio purchased with the user's investment funds." As the claim indicates, an

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amount to be purchased on margin is determined. This determined amount is purchased on margin. The remaining investment is made using the investor's funds. So, an amount of the predetermined portfolio is purchased with the user specified investment funds. For example, if the computer determines that 10% of the portfolio must be purchased on margin to meet the user's specified riskiness characteristic, and the user has \$90 in funds to invest, then \$10 of the portfolio is invested using funds borrowed from the brokerage (*i.e.*, purchased on margin), and \$90 of the investor's funds are used to purchase the portfolio, so the resulting portfolio is worth \$100 but the investor has only used \$90 of his investment funds and borrowed the remaining \$10. This increases the riskiness characteristic of the portfolio from that which it would have been had the investor used only \$90 of his own funds, and thereby only owned a portfolio worth \$90. As such, the Applicant respectfully submits that the claims particularly point out and distinctly claim the subject matter which Applicant regards as the invention. Reconsideration and withdrawal of the rejection of claims 1-7, 34 and 55-60 is respectfully requested.

**CLAIMS 1-3, 6, 7, 28-30, 33 & 34 ARE PATENTABLE OVER**

**SANDERS, REBANE AND RANGEN**

The Examiner rejected claims 1-3, 6, 7, 28-30, 33 and 34 under 35 U.S.C. § 103(a) as being unpatentable over U.S. Patent Publication No. 2001/0042036 by Sanders [hereinafter "Sanders"] in view of U.S. Patent No. 6,078,904 to Rebane [hereinafter "Rebane"] and further in view of Rangen. Rangen refers to a quote from Stephen Thorlief Rangen, Securities Exchange Act Rel. No. 38486 (Apr. 8, 1977), 64 SEC Docket 731, 736. It was quoted in footnote 27 of Canady, Securities

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Exchange Act Rel. No. 41250 (April 5, 1999), a copy of which is reproduced below for the convenience of the reader.

[27]:As we have explained,

Trading on margin increases the risk of loss to a customer for two reasons. First, the customer is at risk to lose more than the amount invested if the value of the security depreciates sufficiently, giving rise to a margin call in the account. Second, the client is required to pay interest on the margin loan, adding to the investor's cost of maintaining the account and increasing the amount by which his investment must appreciate before the customer realizes a net gain. At the same time, using margin permit[s] the customers to purchase greater amounts of securities, thereby generating increased commissions for [the salesperson].

Stephen Thorleif Rangen, Securities Exchange Act Rel. No. 38486 (Apr. 8, 1997), 64 SEC Docket 731, 736.

The Applicant respectfully disagrees with the Examiner's characterization of these references vis-à-vis the claims at issue.

The citation from Rangen fails to set forth how to determine how much of an investment portfolio to purchase on margin to increase the riskiness characteristic to match the user's specified riskiness. The citation merely states that trading on margin increases the risk of loss. This does not state the relationship between a riskiness characteristic of a portfolio of investments that must be purchased on margin to obtain a desired riskiness characteristic.

As such, the proposed combination of references fails to teach the claimed invention. In light of the above remarks, the Applicant therefore respectfully requests reconsideration and withdrawal of the rejection of claims 1-3, 6, 7, 28-30, 33 and 34.

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**CLAIMS 55-58 ARE PATENTABLE OVER SANDERS, REBANE, RANGEN AND  
PETERS ET AL.**

The Examiner rejected claims 55-58 under 35 U.S.C. § 103(a) as being unpatentable over Sanders in view of Rebane, in view of Rangen and further in view of U.S. Patent Application 20030088489 filed December 13, 2000 by Peters et al. [hereinafter "Peters et al."]. The Applicant respectfully disagrees with the Examiner's characterization of these references vis-à-vis the claims at issue.

As described above, the combination of Sanders, Rebane and Rangen fails to teach how to determine an amount of an investment portfolio to purchase on margin to match a user's specified riskiness characteristic. As the Examiner indicates, Peters et al. does not teach buying on margin to raise the riskiness characteristic. Therefore, the proposed combination of references fails to result in the claimed invention. In light of the above remarks, the Applicant therefore respectfully requests reconsideration and withdrawal of the rejection of claims 55-58.

**CLAIMS 4 AND 31 ARE PATENTABLE OVER SANDERS, REBANE, RANGEN AND  
PETERS ET AL.**

The Examiner rejected claims 4 and 31 under 35 U.S.C. § 103(a) as being unpatentable over Sanders in view of Rebane, in view of Rangen and further in view of U.S. Patent No. 5,754,873 to Nolan [hereinafter "Nolan"]. The Applicant respectfully disagrees with the Examiner's characterization of these references vis-à-vis the claims at issue.

As described above, the combination of Sanders, Rebane and Rangen fails to teach how to determine an amount of an investment portfolio to purchase on margin to match a user's specified

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riskiness characteristic. As the Examiner has not cited Nolan for this teaching, the proposed combination of references fails to result in the claimed invention. In light of the above remarks, the Applicant therefore respectfully requests reconsideration and withdrawal of the rejection of claims 4 and 31.

**CLAIM 59 IS PATENTABLE OVER**

**SANDERS, REBANE, RANGEN, PETERS ET AL. AND NOLAN**

The Examiner rejected claim 59 under 35 U.S.C. § 103(a) as being unpatentable over Sanders in view of Rebane, in view of Rangen, in view of Peters et al. and further in view of Nolan. The Applicant respectfully disagrees with the Examiner's characterization of these references vis-à-vis the claims at issue.

As described above, the combination of Sanders, Rebane, Rangen, Peters and Nolan fails to teach how to determine an amount of an investment portfolio to purchase on margin to match a user's specified riskiness characteristic. In light of the above remarks, the Applicant therefore respectfully requests reconsideration and withdrawal of the rejection of claim 59.

**CLAIMS 5 AND 32 ARE PATENTABLE OVER**

**SANDERS, REBANE, RANGEN AND MARKS ET AL.**

The Examiner rejected claims 5 and 32 under 35 U.S.C. § 103(a) as being unpatentable over Sanders in view of Rebane, in view of Rangen, and further in view of U.S. Patent Publication No. 2001/0053944 by Marks et al. [hereinafter "Marks et al."]. The Applicant respectfully disagrees with the Examiner's characterization of these references vis-à-vis the claims at issue.



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As described above, the combination of Sanders, Rebanc and Rangen fails to teach how to determine an amount of an investment portfolio to purchase on margin to match a user's specified riskiness characteristic. As the Examiner has not cited Marks et al. for this missing teaching, the proposed combination of Sanders, Rebanc, Rangen, and Marks et al. fails to teach the claimed invention. In light of the above remarks, the Applicant therefore respectfully requests reconsideration and withdrawal of the rejection of claims 5 and 32.

**CLAIM 60 IS PATENTABLE OVER**

**SANDERS, REBANE, RANGEN, PETERS ET AL. AND MARKS ET AL.**

The Examiner rejected claim 60 under 35 U.S.C. § 103(a) as being unpatentable over Sanders in view of Rebanc, in view of Rangen, in view of Peters et al. and further in view of Marks et al. The Applicant respectfully disagrees with the Examiner's characterization of these references vis-à-vis the claims at issue.

As described above, the combination of Sanders, Rebanc, Rangen and Peters et al. fails to teach how to determine an amount of an investment portfolio to purchase on margin to match a user's specified riskiness characteristic. As the Examiner has not cited Marks et al. for this missing teaching, the proposed combination of Sanders, Rebanc, Rangen, Peters et al. and Marks et al. fails to teach the claimed invention. In light of the above remarks, the Applicant therefore respectfully requests reconsideration and withdrawal of the rejection of claim 60.

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### CONCLUSION

Reconsideration and withdrawal of all of the rejections are requested in view of the previous remarks. The Applicant respectfully submits this Application is in condition for allowance and requests issuance of a Notice of Allowance.

If additional amounts are due for any reason it is respectfully requested that the PTO charge any deficiency or credit any overpayment to the deposit account of MICHAEL P FORTKORT PC, Deposit Account No. 50-3776.

In the event the prosecution of this application can be efficiently advanced by a phone discussion, it is requested that the undersigned attorney be called at (703) 435-9390.

Respectfully submitted,

By   
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